

1902.

NEW ZEALAND.

IMPERIAL WAR OFFICE EXPENDITURE

(REPORT OF CONTROLLER AND AUDITOR-GENERAL AS REGARDS AUDIT OF).

Laid on the Table by Mr. Speaker.

The CONTROLLER AND AUDITOR-GENERAL to the Hon. the SPEAKER of the House of Representatives.

THE Controller and Auditor-General has the honour respectfully to report to the House of Representatives that the Treasury having informed him of the desire of the War Office that such expenditure connected with South Africa as is chargeable to Deposits of Imperial moneys in the Public Account may be audited only by the Defence Office, and proposed, with his concurrence, no longer to submit such expenditure for examination by him, he has since not been insisting, in respect of the vouchers for such expenditure, on compliance with the requirement of section 45 of the Public Revenues Act, that the Paymaster-General's requisitions shall be comprised of vouchers passed by the Audit Office; and he begs leave to submit a copy of the correspondence on the subject.

J. K. WARBURTON,
Controller and Auditor-General.

The Hon. the Speaker of the House of Representatives.

No. 1.

COPY of a CABLEGRAM sent to the Agent-General, London, on the 3rd February, 1902.

CONSULT War Office as to position taken up by Controller and Auditor-General, who considers his duty audit pay and claims chargeable Imperial funds for war expenditure. In my opinion local audit such expenditure unnecessary, as must certainly be audited subsequently by Imperial authorities. If War Office concur local audit unnecessary, cable instructions very fully.

No. 2.

COPY of a CABLEGRAM received from the Agent-General, London, on the 12th February, 1902.

IN answer to your telegram of third, Secretary of State for War attaches much importance to some local audit by colonial authorities prior to transmission of accounts to this country. Frequently difficult, if not impossible, to make thorough examinations in this country of such accounts, and therefore the Secretary of State for War relies upon the certificate of colonial authorities accompanied by vouchers. Accordingly the Secretary of State for War expresses the hope that Government of New Zealand will undertake preliminary examination (not necessarily elaborate) prior to sending accounts to War Office.

London, Sub. 11.

No. 3.

COPY of a CABLEGRAM sent to the Agent-General, London, on the 28th February, 1902.

WILL you again approach War Office and say that local Defence Pay Office quite prepared to make preliminary and careful examination of accounts, and will append certificates as required. Great difficulty and delay arises from colonial audit persisting in elaborate thorough examination, which is direct cause of large accumulation of accounts of expenditure to stand over. Endeavour to get War Office approve of Defence Department thorough examination of vouchers. Am quite satisfied that this will be found satisfactory and sufficient for audit by Imperial Government.

No. 4.

COPY of a CABLEGRAM received from the Agent-General, London, on the 8th March, 1902.

REFERRING to your telegram of 28th February, War Office are prepared to dispense with audit by Controller and Auditor-General on the understanding that proper vouchers are rendered and careful preliminary examination takes place of the accounts in the Defence Office. Each claim to be accompanied by the certificates of the Under-Secretary for Defence showing that the required examination has been duly carried out, and that all sums included in the claims are chargeable against Imperial funds. Sending accounts at the earliest possible date.

London, Sub. 7.

No. 5.

The Under-Secretary for Defence.

PLEASE see copies of cable correspondence anent the audit of the war expenditure so far as such relates to charges on the Imperial funds deposited with us. The Right Hon. the Colonial Treasurer would like to be assured that you see no difficulty in complying with the requirements of the Imperial authorities.

JAS. B. HEYWOOD.

11th March, 1902.

No. 6.

Secretary to the Treasury.

I SEE no difficulty in complying with the requirements of the Imperial authorities, and every care will be exercised by me in the examination of the accounts. I desire to point out, however, that the enormous increase in the number of vouchers which have now to be dealt with by this Department renders it necessary that there should be an increase in the accounting branch to insure the rapid transmission of accounts in order to meet the requirements of the Treasury and to fulfil the wishes of the War Office.

ARTHUR P. DOUGLAS.

13/3/1902.

No. 7.

The Audit Office.

IT is the desire of the War Office that the expenditure connected with South Africa and which is chargeable against the Imperial moneys in deposit shall be only audited by the Defence Department, under certain conditions which the Defence Department see no difficulty in complying with. Under these circumstances, such expenditure in future will not be submitted for your examination if you can see your way to concur with the views of the War Office.

JAS. P. HEYWOOD, Secretary.

14th March, 1902.

(No. 71.)

No. 8.

The Hon. the Colonial Treasurer.

Audit Office, 19th March, 1902.

IN this matter of the proposal to dispense with the audit by the Audit Office of the accounts of the Imperial Government funds with which the colony has been provided for expenditure in respect of the contingents of New-Zealanders for South Africa, the Controller and Auditor-General's concern is only that the Minister may be under no misapprehension as to such audit.

All the expenditure but for pay—that is, the expenditure on the preliminary enlistment, on transport to port of embarkation, on equipment, on horses, on transport to Africa, &c.—has been audited and passed by the Audit Office without difficulty or delay. But if, as regards pay, difficulties and delays have arisen, and accounts of pay have accumulated, such difficulty, delay, and accumulation have not been caused by the Audit Office questions, and certainly not by any Audit Office persistence in elaborate thorough examination. Accounts received by the Government months ago have not even yet been submitted to audit, and answers were but recently received to Audit Office questions asked a year ago—answers which, if they had been received in due course, would have enabled the Audit Office to pass the accounts at once.

A perusal of the correspondence with the Audit Office can hardly leave a doubt that the Audit Office, instead of “persisting in elaborate thorough examination,” has shown every desire to adapt its examination to the very unusual circumstances of the expenditure, and to dispense as far as possible with the duplication of work done by the Defence Department. The questions, indeed, which have been raised by the Audit Office have been such questions necessary to any audit as the Defence Department could or could not answer. If the questions could be, and were not, answered by the Defence Department, the difficulty or delay was not on the part of the Audit Office. If they could not be so answered, the necessary difficulty and delay in obtaining the means of answering could be saved only by passing the accounts of pay without an examination deserving to be called an audit. The Defence Department appears to have no alternative but to obtain the means of auditing or to pass the accounts without an audit.

The Controller and Auditor-General makes the foregoing remarks not by way of objection to the proposal to dispense with the audit by the Audit Office of the expenditure in question, but in order to prevent the Minister from adopting the proposal without knowing the Audit Office objection to being represented as persisting in elaborate thorough examination, or even any examination that an audit can dispense with.

J. K. WARBURTON,

Controller and Auditor-General.

(No. 90.)

No. 9.

The Hon. the Colonial Treasurer.

Requisition for £342 9s. charged to South Africa Contingents, Imperial Government Deposits, on Vouchers not examined by Audit Office.

THIS requisition comprises vouchers which have not been passed by the Audit Office, for charges to the Imperial Government in respect of South Africa contingents. The Controller and Auditor-General therefore begs leave to inquire whether the Minister has considered the Audit Office memorandum of the 19th ultimo, and to ask that, if so, and the Minister's decision is to dispense with audit by the Audit Office of such vouchers, he will oblige by informing the Audit Office so.

J. K. WARBURTON, C. and A.G.

5th April, 1902.

No. 10.

The Audit Office.

YOUR memorandum was duly received, and its contents have been duly noted. There did not appear to be any necessity to reply. The Defence Department have assured the Colonial Treasurer of their anxiety to carry out the requirements of the War Office to the best of their ability.

JAS. B. HEYWOOD.

7th April, 1902.

(No. 91.)

No. 11.

The Hon. the Colonial Treasurer.

Audit Office, 8th April, 1902.

War Office Expenditure, and Proposal to dispense with Audit of it by the Audit Office.

THE Minister submitted to the Audit Office his telegraphic correspondence with the War Office respecting his proposal to dispense with the audit by the Audit Office of the vouchers for his expenditure of the War Office funds, and invited the concurrence of the Audit Office with the views of the War Office.

The Controller and Auditor-General thereupon remarked to the effect that the views of the War Office had been formed on the Minister's erroneous representation of the Audit Office as "persisting in elaborate thorough examination" of the vouchers in question, and expected that he would, after perusing the Audit Office objection to such representation, reply stating whether he would adopt or carry out the proposal.

Section 45 of the Public Revenues Act requires that the Paymaster-General's requisition shall comprise only such vouchers as are passed by the Audit Office, and it does not appear that the vouchers for payment of these Imperial Government moneys out of the Public Account can justifiably be exempted by the Audit Office from that statutory requirement on the assent given by the War Office after an incorrect and unsatisfactory representation. The Controller and Auditor-General would, in these circumstances, beg leave to ask from the Minister the courtesy of a reply before the Audit Office deals with the requisition.

J. K. WARBURTON, C. and A. General.

No. 12.

(No. 94.)

THIS requisition comprises vouchers not passed by the Audit Office, for £1,696 18s. 4d., to be charged to Deposits, Imperial Government, South Africa contingents. As, however, on a requisition comprising other vouchers not passed by the Audit Office, for £342 9s., to be similarly charged, the Audit Office, on the 5th instant, addressed to the Colonial Treasurer a minute asking him to inform the Audit Office whether he had determined to dispense with the audit of such vouchers by the Audit Office, the present requisition should be delayed till the answer is forwarded.

J. K. WARBURTON, C. and A.G.

7th April, 1902.

No. 13.

The Audit Office.

REPLY was made yesterday. It is the desire of the Treasury that audit by the Audit Office be dispensed with.

JAS. B. HEYWOOD.

8th April, 1902.

No. 14.

YES. But the question is whether the Hon. the Colonial Treasurer, after reading the Audit Office objection of the 19th March last to the representation made by him to the War Office prior to its assent to his proposal to dispense with the audit by the Audit Office of his expenditure of the War Office funds, would carry out such proposal without first correcting the representation, or whether, pending such correction, the Audit Office would be justified in waiving compliance with the statutory requirement of section 45 of the Public Revenues Act, that the requisition must comprise only vouchers passed by the Audit Office; and the question is raised in a consideration as well of the interests of the Administration as of the requirements of the statute.

J. K. WARBURTON, C. and A.G.

8/4/1902.

No. 15.

The Treasury, New Zealand, Wellington, 9th April, 1902.

Memorandum for the Audit Office.

THE effect of the provisions of the Public Revenues Act was not overlooked, but upon consulting with the Assistant Controller and Auditor it was understood by the Treasury that the Audit Office would not raise objection.

The Defence Department having undertaken to see that all vouchers are properly made out and that the computations are correct, certifying that the claims are made on behalf of the Imperial Government for war expenses, and that other requirements of the War Office are also being given effect to, the War Office have signified their willingness to have the pre-audit by the Audit Office dispensed with. The Minister therefore hopes that, in the exceptional circumstances, the Controller and Auditor-General will see his way to issue the bank orders.

JAS. B. HEYWOOD, Secretary.

(No. 96.)

No. 16.

The Hon. the Colonial Treasurer.

UNDERSTANDING that the Minister is satisfied that the Defence Department will do all that the War Office requires in the matter, and that the Administration takes the responsibility of dispensing with the audit by the Audit Office of the expenditure in question, the Controller and Auditor-General will issue the bank orders. As, however, in order to carry out the arrangement, compliance with a requirement of the Public Revenues Act must be waived, it is presumed that the matter is to be reported to Parliament.

J. K. WARBURTON, C. and A. General.

10th April, 1902.

No. 17.

THE report to Parliament is a matter for the Audit Office to decide. The change was necessary and in order to facilitate prompt payment.

R. J. S.

The Audit Office.

PLEASE see Right Hon. the Colonial Treasurer's reply.

JAS. B. HEYWOOD.

(No. 100.)

12th April, 1902.

The Hon. the Colonial Treasurer.

THE Audit Office will accordingly submit the matter to Parliament.

J. K. WARBURTON, C. and A.G.

12th April, 1902.

Pressing, 079/Oversea/1390.

No. 18.

T. 02/915.

SIR,—

War Office, S.W., 6th March, 1902.

I am directed by the Secretary of State for War to acknowledge the receipt of your further letter, dated the 3rd instant, regarding the audit in New Zealand of the claims which are to be preferred against this Department in respect of expenses incurred in connection with the raising of contingents for service in South Africa.

In reply, I am to acquaint you that, inasmuch as the claims will be subjected to an audit in this office, the Secretary of State is prepared to dispense with a detailed audit by the Government Audit Office in the colony, on the understanding, however, that proper vouchers are rendered and that a preliminary and careful examination is given to the accounts in the Defence Office of New Zealand.

I am to request that you will inform your Government accordingly, pointing out that each claim should be accompanied by a certificate from the Under-Secretary for Defence showing that the required examination has been duly carried out and that all sums included in the claim are chargeable against Imperial funds.

It is desirable that these accounts should be rendered as early as possible.

I am, &c.,

The Agent-General for New Zealand.

FRANK T. MARZIALI.

The Audit Office.

FOR your information.

JAS. B. HEYWOOD.

11th April, 1902.

Seen.—J. K. WARBURTON, C. and A.G.—11th April, 1902.

Approximate Cost of Paper.—Preparation, not given; printing (1,410 copies), £2 7s. 6d.

Price 3d.]

By Authority: JOHN MACKAY, Government Printer, Wellington.—1902.